



**LAGRA**

*Industries Ltd.*

ENGINEERING GLOBAL SOLUTIONS

Setting our sights  
on the future



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## CORPORATE PROFILE

AGRA Industries Limited provides engineering & construction, environmental and systems technology solutions to government and private sector customers worldwide. Headquartered in Canada, AGRA employs 6,000 people in 155 offices in 22 countries.

AGRA is strategically focused on the development of financed private/public sector infrastructure projects and international growth in key markets including the United States, South and Southeast Asia, China, the Middle East and Latin America.

AGRA's Engineering, Construction & Technology Sector includes the General Engineering & Construction, Earth & Environmental, and Systems Engineering Groups which together generate 76 per cent of total company revenues. AGRA also owns hotel and airport retail businesses.

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## TABLE OF CONTENTS

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OPERATIONS	1	FINANCIAL HIGHLIGHTS
REVIEW	2	YEAR IN REVIEW
	4	REPORT TO SHAREHOLDERS
	6	CHAIRMAN'S MESSAGE
	7	ENGINEERING, CONSTRUCTION & TECHNOLOGY SECTOR
	11	GENERAL ENGINEERING & CONSTRUCTION GROUP
	17	SYSTEMS ENGINEERING GROUP
	21	EARTH & ENVIRONMENTAL ENGINEERING GROUP
	25	ASSET DEVELOPMENT & INVESTMENTS SECTOR
FINANCIAL SECTION	28	MANAGEMENT'S DISCUSSION AND ANALYSIS
	33	AUDITORS' REPORT
	34	CONSOLIDATED FINANCIAL STATEMENTS
	37	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
	45	ELEVEN YEAR REVIEW
	46	BOARD OF DIRECTORS AND OFFICERS
	47	CORPORATE DIRECTORY
	IBC	SHAREHOLDER INFORMATION

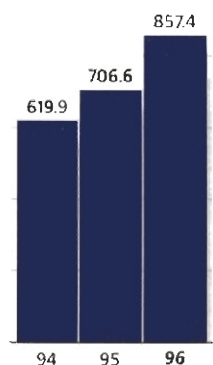
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## FINANCIAL HIGHLIGHTS

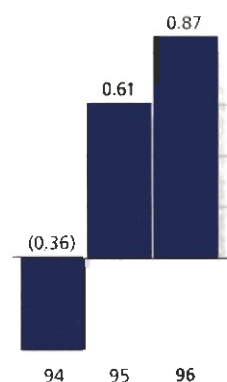
For the year ended July 31, 1996	1996	1995*
<b>Operations</b> (in thousands of dollars)		
Revenue	\$ 857,382	706,624
Earnings		
From continuing operations	14,211	13,404
Discontinued operations	4,046	(886)
Net Earnings	\$ 18,257	12,518
<b>Common Share Statistics</b> (per share)		
Earnings		
From continuing operations	\$ 0.68	0.65
Net Earnings	0.87	0.61
Fully diluted earnings		
From continuing operations	0.62	0.60
Net Earnings	0.77	0.56
Cash flow from operations	1.33	1.60
Dividends – Class A	0.14	0.14
– Class B	0.16	0.16
Equity	10.27	9.63
<b>Other Statistics</b> (in thousands)		
Average shares outstanding	20,931	20,614
Shareholders' equity	\$ 216,606	200,007
Working capital	\$ 84,407	79,223
<b>Segmented Information</b> (in thousands of dollars)		
<b>Revenue</b>		
Engineering, Construction & Technology	\$ 652,128	531,598
Asset Development & Investments	205,254	175,026
	\$ 857,382	706,624
<b>Operating Profits</b> (before interest and taxes)		
Engineering, Construction & Technology	\$ 21,752	18,630
Asset Development & Investments	17,463	23,010
	\$ 39,215	41,640

\* Comparative figures have been restated to reflect operations discontinued during the 1996 fiscal year and the change in accounting policy

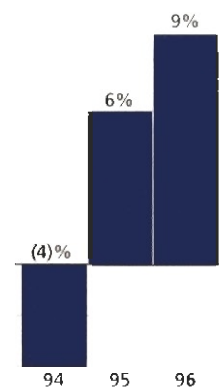
AGRA  
Revenue  
(\$ in millions)



AGRA  
Earnings  
Per Share (\$)



AGRA Return  
on Average  
Shareholders' Equity



AGRA  
Total Assets  
(\$ in millions)



## YEAR IN REVIEW



### Montana Pipeline

AGRA's Houston-based subsidiary, U.S. Pipeline, Inc., delivered a unique 477-kilometre pipeline project in Montana which included parallel installation of fibre optic cable.



### Hibernia Operations & Maintenance

AGRA in partnership with others, was awarded a \$120 million five-year operations and maintenance contract for the Hibernia offshore oil project off the coast of Newfoundland in November 1995.

### Baymont in the Philippines

Baymont now offers its clients lower offshore data conversion costs through a new equity relationship with Saztec Philippines, Inc.

1ST QUARTER

AUGUST – OCTOBER 95

2ND QUARTER

NOVEMBER 95 – JANUARY 96

### Three Gorges Project Management

In October 1995, Monenco AGRA signed a \$17 million contract to provide its project management system for the massive Three Gorges Project in China.

### Toll Highway 104

In November 1995, AGRA and its partners in Atlantic Highways Corporation were selected to develop Canada's first privately financed toll highway, the 45-kilometre Western Alignment project in Nova Scotia.



### A Passage to India

In January 1996, AGRA participated in the Canadian Trade Mission to South Asia and signed new alliance agreements and a \$12 million project management contract for an 800-megawatt combined cycle power project in Indonesia.





## Hong Kong Harbour Foundations

Our associated international marine foundation company, Seacore, completed a unique, deep granite ocean-floor drilling project as part of the Hong Kong Harbour cleanup plan.

## Environmental Work in Asia

In May 1996, AGRA Earth & Environmental was awarded contracts for environmental studies and impact analyses in Pakistan, Kazakhstan, the Kirghiz Republic and the high Arctic.

## Sable Energy Project

In July 1996, Monenco AGRA and partners were selected to form an Alliance Agreement for the design, management and execution of the \$2 billion Sable Offshore Energy Project off the coast of Nova Scotia.

3RD QUARTER

FEBRUARY – APRIL 96

4TH QUARTER

MAY – JULY 96

## Reserve Integrated Information Project

Our Systems Engineering Group, with a partner, was awarded a \$30 million contract to increase the efficiency and effectiveness of the Canadian Forces Reserves in approximately 200 locations across Canada.

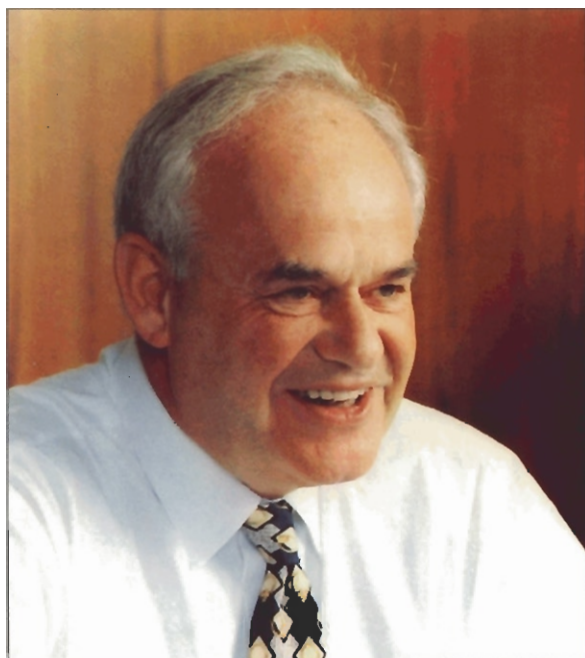
## Vancouver International Airport

In May 1996, AGRA opened eight new Alders outlets in the new International Terminal of the Vancouver International Airport to serve the rapidly growing number of visitors passing through this key gateway to the Pacific Rim.

## Newcourt Alliance

At the end of fiscal 1996, AGRA developed an important strategic alliance with Newcourt Credit Group for the financing of infrastructure projects in North America and beyond.





ALEX TAYLOR

*President and Chief Executive Officer*

"AGRA is building momentum and we are better positioned than ever to capitalize on the international business opportunities that lie before us."

This year we achieved record revenues, our strongest net earnings in years, a 52 per cent increase in share price and a significantly improved return on shareholders' equity. We accelerated the divestiture of assets outside our core Engineering, Construction & Technology (ECT) Sector; we continued to forge alliances important for winning world-class contracts; and we streamlined our share structure to improve trading liquidity and to ensure optimum access to capital markets.

As a result, AGRA is building momentum and we are better positioned than ever to capitalize on the international business opportunities that lie before us.

**FINANCIAL HIGHLIGHTS**

Our most fundamental priority is to create shareholder value. This year AGRA's net earnings increased by 46 per cent to \$18.3 million, or \$0.87 per share and revenues grew by 21 per cent to \$857.4 million. The most important contributor to our growth was the enhanced performance of our core Engineering, Construction & Technology Sector which this year achieved an increase in operating profits of 16.8 per cent to \$21.8 million.

AGRA's return on average shareholders' equity increased to 9 per cent from 6 per cent last year and our Class B share price increased from \$6.70 per share at the start of the year to \$10.20 per share at our year end, July 31, 1996.

**SETTING OUR SIGHTS ON THE FUTURE**

To maintain our progress, we have set our sights on achieving revenues of \$1.5 billion and a return on shareholders' equity of 12 per cent within the next three years. To achieve these targets, we are taking a number of decisive steps which are outlined below.

**OUR STRATEGY:**

**DEVELOPING OPPORTUNITY WORLDWIDE**

Over the past few years we have positioned AGRA for success in an international marketplace that increasingly favours innovative corporations able to add specialized value and deliver total, financed project solutions for government and industry customers.

Following our strategic plan, AGRA has: demonstrated its skill as an integrated developer of large, financed infrastructure projects through the structuring of partnerships for electronic toll highways in Canada and internationally; established a strong, unique mix of engineering, construction and technology companies with world-leading niche capabilities; and diversified its base of business to include an international network that now numbers 155 offices in 22 countries and projects and alliances in more than 100 countries worldwide.



## **NEWCOURT ALLIANCE**

A key enabler of our future success will be our ability to provide competitive capital financing for large infrastructure developments. In August 1996 we added to our current capabilities and existing relationships with major international financial institutions by establishing a strategic alliance with Newcourt Credit Group, one of North America's largest non-bank financial lenders. Together, we will identify, evaluate, finance and develop high opportunity projects in areas such as highways, bridges, airports, water systems, power plants and other forms of infrastructure.

## **SHARE RECLASSIFICATION**

We achieved another important milestone when our shareholders voted to eliminate AGRA's old "super-voting" share structure and adopted a new common class of voting shares. By virtue of this change, each AGRA shareholder now has one vote for each share held. We also believe the reclassification of AGRA's shares will improve trading liquidity and ensure optimum access to capital markets.

## **DIVESTED AND DISCONTINUED OPERATIONS**

In June, we announced our plans to divest our Resource Recovery & Recycling businesses in order to recognize value for our shareholders and focus capital resources on profitable growth in our core business. We successfully completed the sale of Contain-A-Way and closed our AGRA Recycling operation but we were unable to complete the sale of AGRA Plastics before year end. We continue to operate AGRA Plastics as part of our Asset Development & Investments Sector.

This year we found it necessary to discontinue our Houston-based Northern Engineering operation which has experienced considerable operating losses in recent years. Addressing this situation required a significant writedown in fiscal 1996 but our action will further enhance the financial performance of AGRA's ECT Sector in the future. During the year, we also sold our interest in the insurance brokerage firm W.T. McMullen & Associates Inc.

## **PEARSON INTERNATIONAL AIRPORT**

A significant event occurred in June 1996 when the Canadian Senate defeated Bill C-28. This proposed federal legislation would have denied the partners of the Pearson Development Corporation full access to the courts to determine damages related to the cancellation of their 1993 contract for the redevelopment of Terminals 1 and 2 at Pearson International Airport. The Senate's action reaffirmed the principle of equal treatment under Canadian law and moved us closer to settlement of this long-standing issue. The judiciary continues to consider what damages should be accorded to the partners, having previously determined that the government had breached its contract.

## **AWARDS**

AGRA won a number of quality awards and registrations in fiscal 1996, including the ISO 9001 registration of our Monenco AGRA operations in Oakville, Ontario. We were particularly proud when the Alberta Emerald Foundation for Environmental Excellence presented AGRA Earth & Environmental with an Emerald Award, one of Canada's most prestigious environmental honours.

## **ACKNOWLEDGMENTS**

I would like to acknowledge the spirit and hard work of AGRA's dedicated employees, who are primarily responsible for our company's continued growth and steadily improving performance. I also wish to thank AGRA's Board of Directors for its support throughout an exciting and busy year. AGRA has benefited greatly from the guidance and direction of its Board, which was bolstered this year by the valuable contributions of AGRA's newest director, Mr. Chuck Hantho. Above all, I wish to thank you, AGRA's shareholders, for your support. We continue to look to the future with confidence and optimism.



ALEX TAYLOR  
*President and CEO*

## CHAIRMAN'S MESSAGE



BENJAMIN TORCHINSKY

*Chairman of the Board*

"I am confident that all shareholders will benefit as our share reclassification broadens the market for AGRA's shares"

The recent reclassification of AGRA's Class A voting and Class B non-voting shares into a common class of voting shares is an important step forward for AGRA and a development that merits some explanation within its historical context.

The origin of AGRA's two classes of shares lies in the company's involvement in Canada's television and radio broadcasting industries in the early 1980s. At that time, the Canadian Radio-television and Telecommunications Commission (CRTC) required companies applying for licenses to demonstrate ongoing Canadian control. AGRA needed to be able to meet this requirement due to its ownership of several Canadian cable television stations and an all-news radio network. As the company prepared to sell additional shares to fund its growth, it established two classes of shares (Class A voting shares and Class B non-voting shares). By freezing the issuance of Class A voting shares and raising capital primarily through the sale of Class B shares we ensured AGRA's ongoing ability to demonstrate its Canadian control through my family's 40 to 50 per cent ownership of AGRA Class A voting shares.

A number of years ago, AGRA sold its broadcasting interests and the need to maintain a "super-voting" class of shares disappeared. This year, a propitious opportunity arose to reclassify AGRA's shares in a manner that

was beneficial to all its shareholders. As part of my personal estate planning, I sold my family's Class A voting shares to Newcourt Credit Group. At the same time, an agreement was reached whereby Newcourt would support AGRA's Board of Directors and back its proposal to reclassify all of AGRA's shares into a common class of voting shares. With these important developments now accomplished, I am confident that all shareholders will benefit as our share reclassification broadens the market for AGRA shares.

The rapid increase in the size and scope of AGRA's operations over the past few years has also greatly increased the responsibilities of its Board of Directors. Last year, AGRA expanded its Board from 11 to 12 members by adding Charles H. Hantho. Chuck Hantho is a chemical engineering graduate from the University of Alberta and currently serves as Chairman of Dominion Textiles Inc. and Dofasco Inc. He is also a director of Inco Limited, Transalta Corporation and Imasco Limited and is a member of the board of governors of York University in Toronto. Mr. Hantho's vast experience has made him a very important addition and his contributions to our Board meetings have been much appreciated by all.

We are fortunate to have such an excellent, dedicated group of experienced people on our Board and I want to take this opportunity to thank them all for their interest and hard work on behalf of our company.

A handwritten signature in black ink that reads "B. Torchinsky". The signature is fluid and cursive, with a horizontal line underneath the name.

BENJAMIN TORCHINSKY  
*Chairman of the Board*





## ENGINEERING, CONSTRUCTION & TECHNOLOGY SECTOR

is AGRA's core business sector which provides approximately 76 per cent of total revenues through the General Engineering & Construction, Systems Engineering and Earth & Environmental Engineering Groups.

*AGRA and its partners have developed the Highway 407 express toll route north of Toronto.*



ENGINEERING, CONSTRUCTION & TECHNOLOGY SECTOR

ENGINEERING, CONSTRUCTION  
& TECHNOLOGY SECTOR

ECT Revenues (millions of dollars)

1996	\$652.1
1995	\$531.6

ECT Operating Profits  
(millions of dollars)

1996	\$21.8
1995	\$18.6



GENERAL ENGINEERING  
& CONSTRUCTION GROUP



SYSTEMS ENGINEERING  
GROUP



EARTH & ENVIRONMENTAL  
ENGINEERING GROUP

Revenues (millions of dollars)

1996	\$433.5
1995	\$348.1

Revenues (millions of dollars)

1996	\$87.0
1995	\$57.7

Revenues (millions of dollars)

1996	\$131.6
1995	\$125.8



**BILL PEARSON**

*President, Engineering Group*

"To prosper, we have developed the expertise and experience to identify, structure and manage high opportunity build-own-operate projects, often in partnership with governments or industry customers."



**ECT SECTOR PERFORMANCE**

AGRA's core Engineering, Construction & Technology (ECT) Sector maintained solid profitable growth in 1996. Revenues within the sector increased by 22.7 per cent to \$652.1 million with increased revenues in each of its three operational groups. ECT sector operating profits improved by 16.8 per cent to \$21.8 million.

ECT backlogs as of July 31, 1996 decreased slightly from a year earlier to \$533.0 million as we worked toward the final stages of a number of important projects, including the centre sections of Highway 407, the Hibernia offshore oil project and the CANDU nuclear units in Wolsong, South Korea. With a number of other important projects on the horizon, we expect to increase our backlogs in the months ahead.

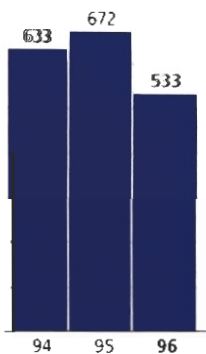
**MARKET CONDITIONS**

North American market conditions were generally slow to improve in fiscal 1996 as non-residential construction declined in Canada and grew only modestly in the United States. Poor weather conditions also slowed project work in areas such as geotechnical engineering, foundation work and road construction. Nevertheless, AGRA benefited from increased activity in the energy sector and continued to capitalize on new opportunities for public/private partnerships. Our Systems Engineering Group increased its geographic data conversion and systems integration work for utility, telephone and government customers, and our Earth & Environmental Engineering Group expanded its North American base of operations.

Stronger rates of economic growth were enjoyed in international markets. AGRA is strategically focused on increasing its international business, especially in fast-growing economies such as Southeast Asia, China, India and South America. These markets offer enormous potential for power, process and infrastructure projects, but also present unique challenges with their varying political conditions and low-cost service providers. With the opening of new offices in China, Romania and Indonesia in fiscal 1996, AGRA now operates 155 offices in 22 countries.

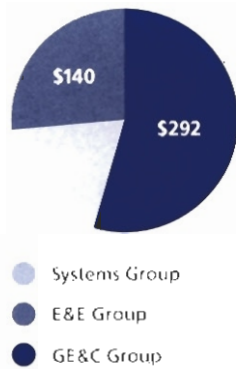
**ECT Sector Backlog**

*(\$ in millions)*



**ECT Group Backlogs**

*(\$ in millions)*



**BOB VAN ADEL**

*Vice-President, Development & Project Finance*

"To meet the challenges of today's market, AGRA has built the internal capability and the strategic relationships necessary to structure and finance complex deals domestically and worldwide. This will be one of the essential keys to our future success."



**ECT Sector Operating Profits**  
*\$ in millions*



**ECT Sector Revenue**  
*\$ in millions*



**STRATEGIC DIRECTION**

We are focused on generating profitable growth in our ECT Sector through public/private partnerships and the delivery of innovative financing. Through strategic alliances, we have enhanced our ability to identify, structure and develop financed infrastructure projects for customers in North America and worldwide. Our priority is to develop new project opportunities in the areas of toll highways and water, power and information infrastructure. We will expand our international base of operations and build upon our extensive network of alliances and partnerships worldwide.

**GORD GERRY**

*President, AGRA International*

"International growth is essential. It allows AGRA to diversify its base and take advantage of enormous new opportunities in places like China, India, Southeast Asia and South America."







# General Engineering & Construction Group

delivers integrated design, procurement, construction and project management services in the areas of power, water and highway infrastructure, industrial and manufacturing facilities, processing plants, pipelines, telescopes, foundation construction and marine infrastructure.



*Bolivia Power Company's hydro facilities in the Zongo Valley, near La Paz. AGRA has worked with BPC since 1910*

## ENERGY PROJECTS

In fiscal 1996, AGRA's subsidiary Monenco AGRA established an important position in Canada's offshore oil and gas sector. In partnership with others, we were awarded a five-year \$120 million operations and maintenance contract for the massive Hibernia oil project; we were selected as one of three design finalists for the \$1.2 billion Terra Nova oil project; and we won the front-end design contract for the \$2 billion Sable Offshore Energy Project.

In a Canadian first, Monenco AGRA and its partners were asked to establish an Alliance Agreement with the Sable Offshore Energy Project developers for the joint management and execution of the overall project, based on shared risk and reward. We believe this approach will set new standards for energy development in Canada while offering excellent potential opportunities and rewards for AGRA in the future.

### HIBERNIA OPERATIONS & MAINTENANCE

**LOCATION** Hibernia Oil Fields,  
Newfoundland, Canada

**PROJECT REPORT** AGRA and partners won a five-year, \$120 million operations & maintenance contract for the Hibernia offshore oil project (seen here). With our partners we were also selected to develop an Alliance Agreement for management and execution of the \$2 billion Sable Offshore Energy Project off the coast of Nova Scotia.



### TOLL HIGHWAY 104

**LOCATION** Nova Scotia, Canada

**PROJECT REPORT** With our partners in Atlantic Highways Corporation, we made excellent progress on construction of Canada's first privately financed toll highway, the 45-kilometre Western Alignment project in Nova Scotia.



### TOLL HIGHWAYS AND ROAD CONSTRUCTION

Another important achievement in fiscal 1996 was our successful negotiation, together with Newcourt Credit Group and our partners in Atlantic Highways Corporation, for the development of the 45-kilometre Western Alignment project in Nova Scotia, Canada's first privately financed toll highway development. This project is a milestone in Canada's growing trend toward public/private partnerships and privately financed "user pay" infrastructure projects.

Additionally, AGRA and its partners made exceptional progress on the 69-kilometre fully electronic toll Highway 407 project near Toronto. The central section of the project will open in December 1996. A western extension of Highway 407 is expected to be rendered in 1997, as are other significant toll highway projects in Canada. We are exploring possibilities for the redevelopment of the Gardiner Expressway in Toronto and, in international markets, our consortium is one of four finalists bidding on the \$1 billion, 90-kilometre Cross Israel Highway. We are pursuing additional opportunities in India, Chile and China.

Our Alberta-based road engineering company, Torchinsky Engineering, benefited greatly from that province's complete privatization of road engineering services in fiscal 1996. With a US-based partner, the company also won a significant engineering and design contract for the Pima Expressway in Phoenix, Arizona.

### WATER DEVELOPMENT

Building on its experience as a leader in private/public partnerships, AGRA also focused on "finance, design, build and operate" opportunities in the area of water systems infrastructure. This year, Monenco AGRA and a consortium of partners were selected as finalists for the potential financing and development of a new water delivery and treatment system for the Regional Municipality of Halton, in Ontario.

### INTERNATIONAL POWER WORK

Work continued on several large international power projects during fiscal 1996, including the Zongo Valley hydro project in Bolivia, the Urra I hydro project in Colombia, the Agbulu and Calaca II power projects in the Philippines, and the Rabigh, Medina and Montazer Ghaem plants in the Middle East. During the January 1996 Canadian Trade Mission to Southeast Asia, Monenco AGRA signed a \$12 million project management contract for Phase II of the 800-megawatt Grati power plant in Indonesia. We also won new design work for Indonesia's Cikarang combined cycle plant and the Hin Krut 2x700-megawatt plant in Thailand. Our associate company, Teshmont, carried out extensive electric transmission work between Thailand and Malaysia.

AGRA's associated nuclear power engineering companies, Canatom and NPM, focused on large prospective CANDU power projects in China and South Korea. Canadian contracts and financing for two 700-megawatt CANDU units to be built at Qinshan, China, 125 kilometres south of Shanghai, are expected to be in place by the end of 1996 with work starting in 1997. Work on the four-unit CANDU project at Wolsong, South Korea is now more than 75 per cent complete. Wolsong Unit 1 has been one of the world's top performing nuclear units

### GRATI POWER PLANT

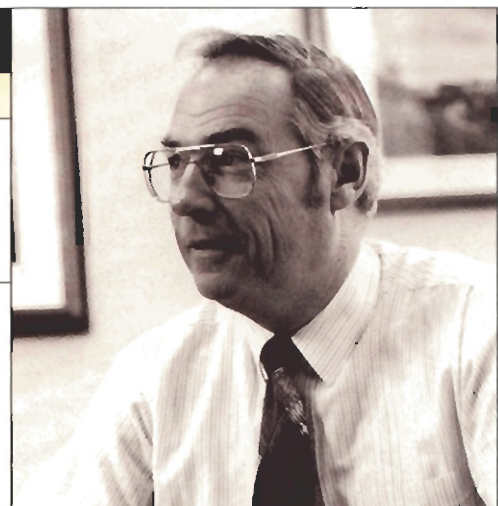
**LOCATION** Grati, Pasuruan, Indonesia  
**PROJECT REPORT** Monenco AGRA is providing project management services for Phase II of the 800-megawatt Grati power plant in Indonesia.



### ART BIRCHENOUGH

*President and Chief Operating Officer, Monenco AGRA*

"We see our role as being a provider of high-quality integrated solutions for our customers worldwide. Success means that we have achieved excellence for the customer."







**DENNIS MCCARTHY**

*President, Construction Group*

"Our strength is our very stable work force managed by engineers in all offices. We see tremendous opportunity in our pipeline and foundations markets and we plan to take full advantage of it."

**CHINA HYDRO PROJECTS**

**LOCATION** Hubei and Hunan Provinces, China  
**PROJECT REPORT** Monenco AGRA began customization of its project management system for the Three Gorges Project in Hubei Province and, with its partners in Canada-China Power Inc., provided hydro engineering services on the Jiangya Project in Hunan Province (seen here).



and Units 2, 3 and 4 are expected to be in service in 1997, 1998 and 1999, respectively. Canatom and Monenco AGRA also provided extensive services to Ontario Hydro in fiscal 1996.

This year, AGRA established new strategic alliances in India with RPG-Rolls-Royce Power Engineering to jointly develop industrial cogeneration projects. In Pakistan, we have allied ourselves with Larail Energy Limited for hydro power development. In December we formed Monenco AGRA Techmaster, a joint venture with the Saudi Binladin Group to develop new Middle Eastern project opportunities through our new office in Cyprus. In China, Monenco AGRA's project management contract for the Three Gorges Project has helped to position our joint venture company, Canada-China Power Inc., for additional power work.

**MINING**

In fiscal 1996, AGRA extended its work in the international mining sector with a mining and processing evaluation study for the Ban Pu Coal Company of Thailand. In April, our Jakarta office also signed a memorandum of understanding with the government of Indonesia for Phase I of a regional development model aimed at improving the development impact of foreign-backed mining projects in that country.

**SPECIALTY CONSTRUCTION**

Coast Steel, our specialty steel engineering and fabrication company, broke into an important new market in fiscal 1996 with the successful construction of a unique new ride for Walt Disney's EPCOT Center in Florida. Coast Steel designed and built the \$9 million elevated track for the "GM Test Track" attraction which will support 40 full-sized automobiles traveling at high speeds on a simulated test track. Coast Steel has been awarded ongoing entertainment industry work and sees tremendous opportunity in this rapidly expanding international marketplace.

Coast Steel also completed its work on the world-famous Keck II Telescope in Hawaii in fiscal 1996 and delivered support structures for the Gemini Project telescopes being constructed in Hawaii and Chile. In January 1996, work was suspended on the Japan National Large Telescope project in Hawaii following a tragic fire which claimed the lives of three subcontracted workers. The company continues to cooperate with local authorities who are leading the investigation into this incident.

During the year, Ellesmere Britannia completed the last condominium buildings in Phase II of our Britannia Village development in Grand Cayman. Construction of several new luxury homes by purchasers of our single-family residence lots in Phase III began this year, and we initiated construction of new condominium buildings in Phase IV of the development. Sales activity remained strong, with prospects for fiscal 1997 looking even better.

**PIPELINE CONSTRUCTION**

In the fall of 1996, our Houston-based subsidiary, U.S. Pipeline, Inc., completed a unique 296-mile, 16-inch oil pipeline project in Montana which included installation of a parallel fibre optic cable. At year end, the company was awarded a contract for an 88.7-mile section of the Express Pipeline, which will deliver crude oil from Alberta to Wyoming. AGRAs Canadian pipeline construction firm, Midwest Management, completed a 33-mile, 42-inch

**DISNEY ATTRACTION**

**LOCATION** Florida, USA  
**PROJECT REPORT** Coast Steel designed and fabricated the elevated steel structure for the new "GM Test Track" attraction at Walt Disney's EPCOT Center. The ride will support 40 full-sized cars traveling at high speeds.



**PIPELINES**

**LOCATION** Montana, USA  
**PROJECT REPORT** In Montana, AGRA completed a 296-mile, 16-inch pipeline for CENEX Inc. and began work on an 88-mile section of the 42-inch Express Pipeline which will run from Alberta to Wyoming.



### HONG KONG MARINE CONSTRUCTION

**LOCATION** Hong Kong Harbour

**PROJECT REPORT** Seacore and AGRA Construction (Wuhan China) conducted deep granite ocean-floor drilling and installation work for the Hong Kong Harbour cleanup project.



pipeline in the British Columbia interior for Westcoast Energy in early fiscal 1996 and won three medium-sized projects at year end. We expect pipeline development to continue at very high levels for the next five years in North America. In 1997, we plan to build on our success in North America and consider joint venture possibilities for international pipeline projects.

### MARINE AND FOUNDATION CONSTRUCTION

Our associated international marine construction firm, Seacore Limited, worked on several large projects in fiscal 1996, including the extensive Hong Kong Harbour cleanup project. With assistance from our China-based construction company, AGRA Construction (Wuhan China) Limited, Seacore conducted deep granite ocean-floor drilling and installation work for the new sewage treatment plant outfall tunnel. At year end, Seacore also won more than \$5 million in new contracts for work in Great Britain and Greece.

AGRA Construction (Wuhan China) completed two projects in 1996 and opened a new office in Shanghai. The company is well positioned to benefit from China's new five-year plan, which is expected to include significant spending on new infrastructure projects.

In Canada, AGRA Marine Construction worked on a major foundation restoration project for the pier at the Gulf of Georgia Cannery National Historic Site at Richmond, British Columbia. AGRA Foundations completed significant soil densification and foundation projects at the Vancouver International Airport, at a Canadian Forces base in Edmonton and for the San Diego Light Rapid Transit project.





## Systems Engineering Group

delivers systems integration, project management services, radio spectrum management, currency security systems, geographic information systems and data conversion services.

AGRA's Systems Engineering Group includes high technology niche businesses which add high-end value in the engineering marketplace.

### **RADIO SPECTRUM MANAGEMENT**

In fiscal 1996, Spectrocan Engineering established itself as a world-leading provider of communications infrastructure for radio frequency management. The company successfully fulfilled a \$44 million contract to establish a nation-wide radio communications, verification and inspection network in Indonesia. Spectrocan also won a \$3.1 million contract to update and extend Malaysia's radio frequency management system.

*AGRA fulfilled a \$44 million radio spectrum management contract in Indonesia in fiscal 1996.*

## SYSTEMS ENGINEERING GROUP

### BAYMONT GIS

#### LOCATION

Manila, Kuala Lumpur, Singapore and Florida

#### PROJECT REPORT

Baymont Technologies offers its customers Geographic Information Systems data conversion through a worldwide network of offices.



Spectrocan assists government agencies to respond to the explosion of cellular telephone, paging and other radio-based digital technologies by providing comprehensive radio spectrum management solutions. The company is pursuing new opportunities in Asia and South America.

### GEOGRAPHIC INFORMATION SYSTEMS/ DATA CONVERSION

In fiscal 1996, Baymont Technologies maintained its market-leading position as a provider of GIS data conversion services for utilities, telephone companies and other clients. This year, the company was able to offer its clients lower offshore production costs through a new strategic equity relationship with Saztec Philippines, Inc.

Through its offices in Manila, Kuala Lumpur, Singapore and Clearwater, Florida, Baymont expanded its international business with new projects for Stadterke Bochum, Helsinki Telephone and the Singapore Urban



BOB BROWN

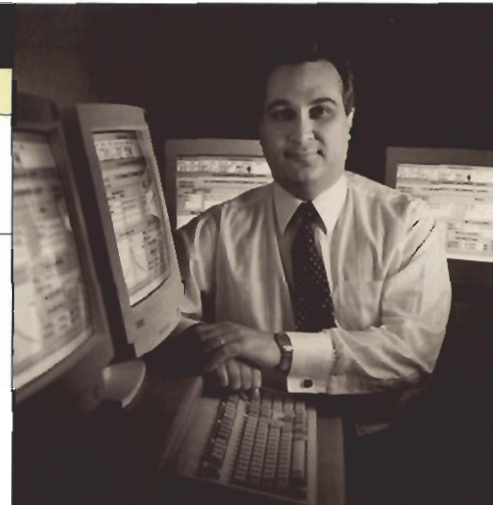
*President, Baymont Technologies*

"Baymont is staying ahead by offering conversion services for a greater number of systems platforms and by providing efficient, internationally sourced services for our customers."

**AVEDIS MENECHIAN**

*Vice-President, Systems, Monenco AGRA*

"At AGRA, our people focus on delivering quality and customer value in integrated solutions. We put it all together."



Redevelopment Authority. In North America, it was awarded new projects by Public Service Electric & Gas, Michigan Consolidated Gas, Consumers Power, National Fuel Gas and Pierce County, Washington.

**SYSTEMS INTEGRATION**

In fiscal 1996, Monenco AGRA Systems and a partner were awarded a \$30 million systems development and integration contract by Canada's Department of National Defense for the implementation of a system to increase the efficiency of the Canadian Forces Reserves in more than 200 locations across the country.

The company was also awarded a \$10 million contract for a Civil Air Transport training and support project in China. The project includes the supply of navigation equipment and systems training for approximately 900 Chinese aviation instructors. The company sees excellent potential in China for additional airport systems work.

**SPECTROCAN**

**LOCATION**

Indonesia

**PROJECT REPORT**

Spectrocan delivered a \$44 million radio spectrum management contract in Indonesia in fiscal 1996





**DURANOTE PROJECT**

<b>LOCATION</b>	London, England
<b>PROJECT REPORT</b>	Vadeco AGRA's DuraNote™ product was tested by the Bank of England in fiscal 1996. With the Films Division of Mobil Chemical Company, we have developed a more durable currency paper with built-in protection against counterfeiting. A full product launch is expected in fiscal 1997.



**PROJECT MANAGEMENT SYSTEMS**

During fiscal 1996, work proceeded on Monenco AGRA's \$17 million project management system and training contract for China's Three Gorges Development Corporation. Initial work included an organizational study that will set the stage for customization of the system to meet the unique needs of this massive construction project.

During the year, Monenco AGRA secured a \$1.8 million contract to provide its project management system, training and assistance to Kabool Engineering & Construction of South Korea for the management of major construction projects in that country. We are also working with Whalen & Company Inc. of California to provide project management assistance for Cantel's Accelerated Build program for cellular transmission infrastructure in Canada.


**CURRENCY SECURITY SYSTEMS**

Vadeco AGRA Technologies has a licence to sell Optical Security Material for use on Canadian and other national currencies. Recently, the company initiated the DuraNote™ project with the Films Division of Mobil Chemical Company to develop a more durable replacement for national currency paper. The new polymer-based product increases the life of bank notes and makes them more difficult to counterfeit. Following successful test runs by the Bank of England this year, a full product launch is expected in fiscal 1997.



## Earth & Environmental Engineering Group

delivers a full range of environmental assessment and planning services, geotechnical and water resources engineering, materials testing, environmental monitoring and remediation services worldwide.



AGRA Earth & Environmental (AEE) continued to grow its environmental, geotechnical and materials testing services in fiscal 1996. AEE benefited from AGRAs strong presence in the resource sector, performed extensive work on Highway 407 and expanded its international environmental business considerably. The company built on its knowledge of key regions and developed new clients in the energy and agricultural sectors.

AGRA Earth & Environmental is now Canada's largest full-service earth and environmental engineering consulting firm, and ranks among the ten largest in North America. It employs 1,200 staff in 55 offices worldwide.

*AGRA Earth & Environmental provided habitat restoration services for large development projects such as Highway 407.*

# EARTH & ENVIRONMENTAL ENGINEERING GROUP

## NEVADA CASINO

**LOCATION** Reno, Nevada

**PROJECT REPORT** AGRA Earth & Environmental provided geotechnical and construction inspection services for the new Silver Legacy Casino in Reno, Nevada during fiscal 1996. A mini-boom in services related to casino construction in Nevada and elsewhere is expected to continue in fiscal 1997



## MARKET CONDITIONS

Margins remained tight in the North American environmental and geotechnical markets as a result of reduced government spending on environmental projects, slow overall economic growth and greater competition among environmental firms. AEE has focused on building strong, long-term client relationships, high-quality service and effective management controls. The company has increased its market share through strategic expansion, international work and effective partnering with other AGRA companies.

## FOCUS ON EXCELLENCE

An important event occurred in June 1996 when the Alberta Emerald Foundation for Environmental Excellence presented AGRA Earth & Environmental with an Emerald Award, one of Canada's most prestigious environmental honours.



## EMERALD AWARD FOR ENVIRONMENTAL EXCELLENCE

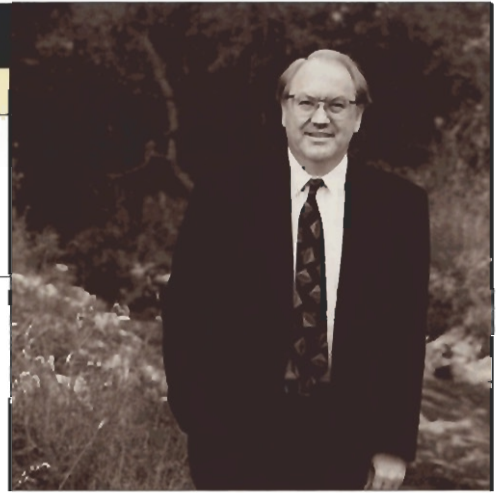
In June 1996 the Alberta Emerald Foundation for Environmental Excellence presented AGRA Earth & Environmental with an Emerald Award, in recognition of its commitment to the environment and its efforts in controlling a major oil pipeline spill in Russia.



BILL SLUSARCHUK

*President, Earth & Environmental Group*

"Our future growth will be built upon technical prowess, quality service and the 'AGRA Advantage' – that is, we will continue to provide 'one-stop shopping' for quality engineering and environmental services, worldwide."



#### EXPANDING EASTWARD

In fiscal 1996, AEE expanded its presence in eastern regions of Canada and the United States by opening new offices in St. John's, Newfoundland and Pittsburgh, Pennsylvania. The new St. John's office will help us to serve a booming regional resource sector in conjunction with other local AGRA offices. The new Pittsburgh office, AEE's first major US office east of the Mississippi, is located in proximity to many Fortune 500 companies and provides an excellent launching pad for expansion into this new market area.

Major North American projects in fiscal 1996 included habitat restoration work for Highway 407, the development of environmental operations plans and procedures for Hibernia, design of a replacement spillway at the St. Mary's dam project site in Alberta, environmental assessment work for the British Columbia forestry sector, environmental and geotechnical services for the Cyprus Bagdad copper mine in Arizona, materials testing work at the Silver Legacy Casino in Reno, Nevada and an environmental monitoring program at Moose Creek, Alaska.

#### FORT McMURRAY MINING

**LOCATION** Fort McMurray, Alberta

**PROJECT REPORT** AGRA Earth & Environmental provided geotechnical and materials testing assistance for Suncor's oil sands work in Fort McMurray, Alberta. AEE has provided multi-disciplinary services to Suncor for more than 30 years



### NEW ROMANIA OFFICE

**LOCATION** Bucharest, Romania

**PROJECT REPORT** AGRA Earth & Environmental won new contracts in Eastern Europe and opened a new office in Bucharest, Romania. AEE also has permanent international offices in Russia, Tanzania and Cyprus and large project offices in India, Ethiopia, Egypt, Pakistan and China.



### INTERNATIONAL WORK

In international markets, AGRA Earth & Environmental won large new contracts in Pakistan, Egypt and the former Soviet Union, and established a foothold in Eastern Europe by opening a new office in Bucharest, Romania. The company decided to close its office in Mexico due to disappointing revenues and increasing concern about the stability of the local currency. AEE will continue to focus on risk management and profitable growth in international markets. Where possible, it will benefit from working more closely with existing AGRA operations in markets such as China, South America, and South and Southeast Asia.

Significant international projects in fiscal 1996 included an environmental study of El Salvador's electric power system, preparatory site remediation work in Japan, and feasibility planning for three sections of the multi-billion-dollar East Asian pipeline project, which would stretch from Siberia to China to supply oil and gas for China and Japan.



• TAX & DUTY FREE • HORS TAXES

## ASSET DEVELOPMENT & INVESTMENTS SECTOR

includes AGRA's non-core Alders duty-free retail business, the Britannia Resort facility in Grand Cayman and AGRA Plastics in Mississauga.

*Alders International (Canada) opened eight new shops in the new International Terminal at Vancouver International Airport.*



## ASSET DEVELOPMENT & INVESTMENTS SECTOR

AGRA's Asset Development & Investments Sector increased its revenues by 17.3 per cent to \$205.3 million in fiscal 1996, but operating profits decreased by 24.1 per cent to \$174 million as a result of greater lease costs for our new Alders duty-free retail stores in Vancouver and increased competition for our Hyatt Regency Hotel in Grand Cayman.

### **ALLDERS INTERNATIONAL (CANADA)**

With the opening of the new International Terminal at Vancouver International Airport on May 1, 1996, we replaced our Alders stores in Vancouver's old terminal with eight new shops in the new facility. Four of these are duty-free shops and four are duty-paid specialty shops. Our new duty-free shops include a specially designed "flow through" duty-free store – passengers destined for the United States walk through this outlet to get to US Customs and Immigration. In August 1995 we also opened our new 30,000-square-foot duty-free department store in downtown Vancouver.

The leases and start-up costs associated with these new facilities reduced earnings somewhat in fiscal 1996, but we are now well positioned to serve the significantly increasing number of international travelers who will pass through Canada's new gateway to the Pacific Rim. Alders International (Canada) also operates outlets in all three terminals at Pearson International Airport in Toronto and at Halifax International Airport, Calgary International Airport and in Banff. A new Alders shop will open in Whistler, B.C. in 1997.

During fiscal 1996, Nuance International Holdings, a subsidiary of Swissair Associated Companies, purchased the international duty-free businesses of Alders International, our 49 per cent equity partner in Alders International (Canada). We look forward to working with our new partner in Canada.

### **THE HYATT REGENCY HOTEL IN GRAND CAYMAN**

While our Britannia Resort facility in Grand Cayman with its luxury Hyatt Regency Hotel continued to operate profitably in 1996, additional competition in the form of a new beach hotel which opened for business during the year affected profitability to some extent. However, our hotel and resort facilities continue to be recognized as one of the world's premiere tropical destinations and hotel bookings for the new season in fiscal 1997 are very encouraging.



# Financial Review

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28	MANAGEMENT'S DISCUSSION AND ANALYSIS
33	AUDITORS' REPORT
34	CONSOLIDATED FINANCIAL STATEMENTS
37	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
45	ELEVEN YEAR REVIEW
46	BOARD OF DIRECTORS AND OFFICERS
47	CORPORATE DIRECTORY
	IBC SHAREHOLDER INFORMATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of operations and financial position should be read in conjunction with the consolidated financial statements and related notes, as well as the Reports to Shareholders by the Chairman and the President and CEO and management's discussions of the operating sectors contained in this report.

### Restatement of 1995 Financial Statements

During the year ended July 31, 1996, the Company discontinued the Resource Recovery & Recycling operations in California and Alberta and the cogeneration engineering operation in Houston. Operating results from these units together with gains and losses arising from their sale or closure are reported in the income statement as discontinued operations for the year. The 1995 figures in the financial statements have been restated in order to be comparative with continuing operations.

In compliance with a new accounting method prescribed by the Canadian Institute of Chartered Accountants, certain joint ventures which were previously accounted for using the equity method have been proportionately consolidated this year. Figures for 1995

have been restated to provide comparative reporting of these joint ventures.

### Share Reclassification

At a meeting of shareholders on October 17, 1996, approval was given to convert all existing shares of both classes into a new class of common shares on the basis of 1.05 common shares for each Class A voting share, and one new common share for each Class B non-voting share. The resulting dilution is insignificant.

## RESULTS OF OPERATIONS

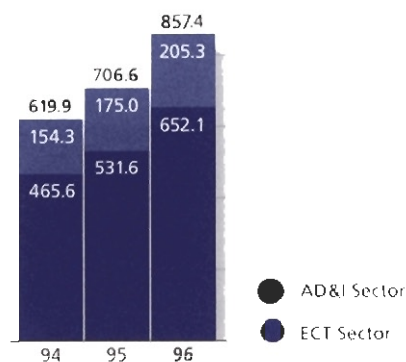
### Consolidated

Consolidated revenues from continuing operations increased \$150.8 million or 21% to \$857.4 million in 1996, compared to restated revenues of \$706.6 million from continuing operations in 1995. Revenues for 1995 have been restated by \$80.0 million to remove the revenues of operations discontinued during 1996.

Consolidated net earnings increased 46% to \$18.3 million or 87 cents per share, based on an average of 20,931,384 shares outstanding, compared to \$12.5 million or 61 cents per share last year (based on an average of 20,613,740 shares outstanding). Net earnings this year includes a net profit of \$4.0 million or 19 cents per share arising from operations and assets sold during the year compared to restated net losses of \$0.9 million

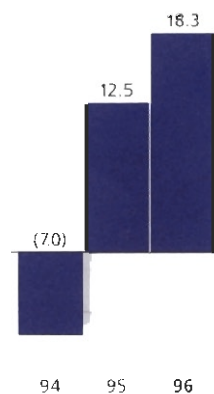
Consolidated Revenue

*(\$ in millions)*



Net Earnings

*(\$ in millions)*





or 4 cents per share from discontinued operations last year. Earnings from continuing operations increased to \$14.2 million or 68 cents per share this year compared to restated \$13.4 million or 65 cents per share last year.

It has become apparent that operating our cogeneration engineering operation as a separate line of business is likely to continue to be uneconomic due to fluctuating demand for such services and a decision was made to close the unprofitable operation in Houston which specialized in that business. The costs anticipated in connection with the closure were accrued as of the year end and the goodwill recorded on the purchase of the unit was written off.

During the year, it was determined that the Resource Recovery & Recycling businesses in which the Company has engaged for many years would not be a core sector for AGRA in the future and a decision was made to re-deploy the resources from these businesses and assets at an appropriate time in our core Engineering, Construction & Technology (ECT) sector. Consequently, in the fourth quarter of the year the sale of Contain-A-Way Holdings, Inc. in California was completed and the assets of AGRA Recycling in Edmonton were sold. Negotiations for the sale of AGRA Plastics in Mississauga were not consummated and therefore that unit has been included with the Asset Development & Investments sector this year.

Thus the Company now consists of a core Engineering, Construction & Technology sector and a secondary Asset Development & Investments sector.

### Engineering, Construction & Technology Sector

Total revenues in this sector increased \$120.5 million or 22.7% to \$652.1 million in 1996 from restated revenues of \$531.6 million in 1995. Each of the three groups contributed to this growth.

#### ECT Sector Revenues by Group

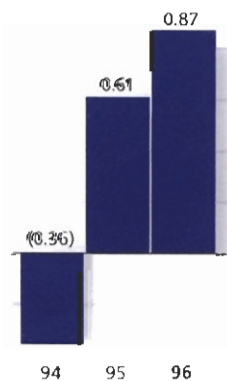
(in thousands of dollars)	1996	1995 <i>(Restated)</i>
General Engineering & Construction	\$ 433.5	348.1
Earth & Environmental Engineering	131.6	125.8
Systems Engineering	87.0	57.7
Total	\$ 652.1	531.6

Continuing operations in this sector produced operating profit of \$21.8 million in 1996, compared to restated operating profit of \$18.6 million in 1995.

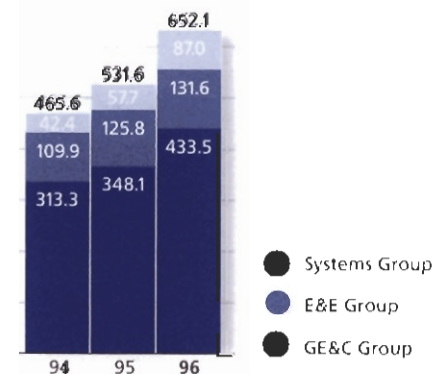
Foreign work and turnkey packages continue to increase in significance in this sector and aggressive off-shore marketing efforts continue to offset the effects of the soft domestic market, all of which contributed to significant revenue increases in this sector again this year. Our goal is to generate 30% or more of revenue in this sector from outside North America, and to this end, efforts are under way to establish or strengthen our presence in major world markets such as the Pacific Rim, the Middle East and South America.

Domestically, there continues to be pressure on profit margins as firms compete for a limited number of engineering and construction projects; however, our

Earnings Per Share  
(A)



ECT Sector Revenues  
(in millions)



contract for the turnkey construction of toll Highway 407 in Ontario and pipeline contracts have contributed significantly to our domestic revenues and profits this year. Prospects are encouraging for additional contracts and alliances are being formed to assist in obtaining further projects, particularly in the power, roads, water and information systems infrastructure markets and in response to the current trend to privatization.

**General Engineering & Construction Group**

Revenues of the General Engineering & Construction Group increased 25% over last year, but more significantly, operating margins more than doubled as restructuring efforts of the past several years combined with the results of concerted marketing efforts to provide much improved profitability.

Demand continued to strengthen for our construction units, resulting in further improvement in revenues. However, bidding is very competitive and margins continue to be under pressure, particularly for the foundation construction units. While most operations improved during the year, problems encountered on steel fabrication projects lowered profits in this group. In the first quarter, the first major contract was successfully completed by U.S. Pipeline, Inc., which started operating in 1995, contributing substantial revenues and profits to the group. The second major contract was secured late in the year for installation of a section of the Express Pipeline project which will be constructed in the first half of fiscal 1997.

**Earth & Environmental Engineering Group**

Earth & Environmental Engineering Group revenues increased again this year as a result of continuing penetration by the group into the environmental and geotechnical engineering markets in North America and abroad. In spite of the increased revenue however, profitability was below expectations due to the effect of competitive pressures, unusually wet weather conditions during the spring and summer this year in much of our market area and certain costs incurred with regard to settlement of contractual issues. Progress is expected in managing each of these problem areas in 1997, thus returning this unit to more acceptable profit levels.

**Systems Engineering Group**

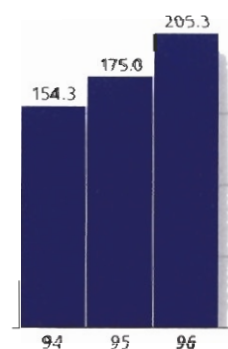
Systems Engineering Group revenues increased once again this year primarily as a result of several large geographic information systems and frequency spectrum contracts; however, profitability was marginally below expectations and significantly lower than last year when settlement of a large extra claim was recorded in income. Expenditures on research and development related to currency technology are continuing; however, future prospects for the technology cannot as yet be determined.

**Asset Development & Investments Sector**

Since this sector now includes the operations of AGRA Plastics, figures reported for last year have been restated for comparability. Revenues reached \$205.3 million in 1996, an increase of \$30.3 million or 17.3% from restated

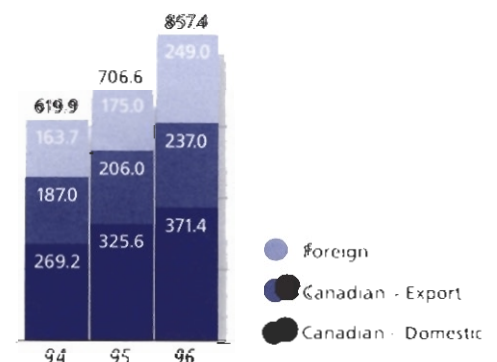
AD&I Sector Revenue

*(\$ in millions)*



Geographic Revenue

*(\$ in millions)*



revenues of \$175.0 million in 1995. Operating profits, however, decreased to \$17.4 million in 1996 from a restated \$23.0 million in 1995. Revenue growth is expected to continue in each of the operations in the sector; however, growth in profits will occur at a slower pace in the short term.

Allders International (Canada) Ltd. exceeded expected growth in sales as a result of continuing increases in the volume of international travel, particularly from Asian destinations. Eight new Allders stores opened in the new International Terminal in Vancouver during the year which have initially produced revenues in excess of expectations; however, as expected, higher rents and store opening costs reduced profits at that location. A perceptible easing of the expected rate of growth of passenger traffic from the Pacific Rim resulted in revenues somewhat below forecast for the fourth quarter. Future growth in profitability will be tied to growth in international traffic at the new terminal.

The Britannia Resort on Grand Cayman continued to maintain high occupancy levels during the year; however, revenue growth slowed as a result of the opening of a new hotel on the Island and profits were below the record levels reached last year. High advance group bookings for 1997 suggest that revenue and profitability prospects are excellent for 1997.

#### FINANCIAL CONDITION AND LIQUIDITY

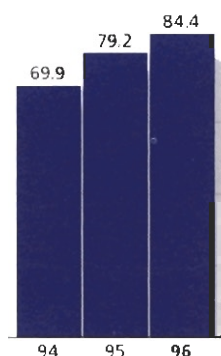
The consolidated cash position of the Company increased by \$26.0 million during the year after payments

of \$4.0 million in dividends. Consolidated operating activities of continuing operations produced cash of \$49.4 million, of which \$6.2 million was used by discontinued operations. Investing activities consisted of: fixed asset purchases of \$29.6 million and \$4.1 million of proceeds on disposals; proceeds of \$19.1 million on disposal of discontinued operations; and \$6.6 million used for other investments. Financing activities consisted primarily of retirement of long-term debt of \$23.0 million, proceeds of long-term debt of \$20.9 million including equipment financing and proceeds of \$2.1 million from the issuance of share capital arising from stock options. Of the \$78.4 million consolidated cash at July 31, 1996, \$43.9 million is held by joint ventures and operations which are not 100% owned. Availability of such cash for general purposes is subject to agreements with joint venture partners and minority shareholders.

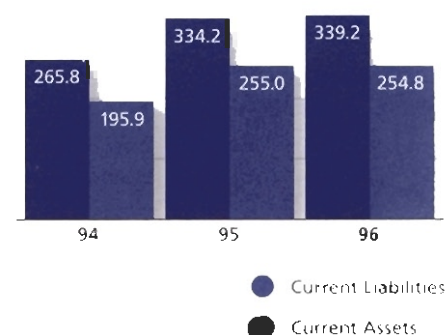
During 1995, restated consolidated operating activities produced cash of \$42.8 million. Of this, \$21.1 million was used for investing activities, primarily the purchase of fixed assets, and \$6.3 million was used in financing activities, primarily for a net reduction of long-term debt. The consolidated cash position increased by \$12.2 million during 1995, after payment of \$3.2 million in dividends. Of the restated \$55.5 million consolidated cash at July 31, 1995, \$39.5 million was held by joint ventures and operations which are not 100% owned.

Profits generated by operations during the year together with the proceeds from disposition of companies

Working Capital  
\$ in millions



Current Ratio of Assets to Liabilities  
\$ in millions





and assets resulted in a significant increase in working capital to \$84.4 million at year end compared to restated working capital of \$79.2 million last year, with an improvement in the working capital ratio of 1.33:1 compared to 1.31:1. Significant improvement also occurred in the debt to equity ratio which changed from 1.92:1 to 1.73:1. Lines of credit are adequate for the present level of operations and the foreseeable future.

Principal payments on long-term debt will be \$22.5 million in 1997 and \$23.6 million in 1998. Improvement in consolidated cash flow is expected in 1997 as a result of growth in profits from continuing operations; however, the improvement may not be as significant as in 1996 since there may not be cash generated from the sale of assets. Capital expenditures and acquisitions will continue to be constrained in 1997 in order to preserve working capital for internal growth of operations and to continue to strengthen the balance sheet. Settlement of outstanding claims related to certain projects, cash flow from joint ventures and the recovery of the investments in the Pearson Airport project will make substantial amounts of working capital available; however, timing of these events is uncertain.

#### **RISKS AND UNCERTAINTIES**

AGRA is continuing to develop strategic alliances with reputable partners in order to package skills and technology for joint venture contracts on major development projects, both domestically and internationally in response to increasing demand for turnkey, fixed-price construc-

tion of infrastructure and industry projects in both the public and private sectors. These contracts carry more risks than traditional domestic consulting engineering and construction contracts, including exposure to more significant contractual as well as political and currency risk and the need for increased capital resources. Such risks are insured wherever possible and management and control measures are emphasized in order to reduce exposures.

With a larger proportion of revenue generated from large projects, success in winning contracts has become more critical in maintaining revenue growth and profitability. Increased emphasis is being placed on the quality of the bid preparation process in order to improve the success rate and accuracy of the estimates of contract costs.

International contracts require additional working capital due to a slower collection cycle. Since conventional bank financing for such requirements is more difficult to obtain, increased internal working capital is required, which together with the working capital requirements of large turnkey projects may place some constraint on growth unless additional sources of equity or capital are obtained.

The Company's revenues are generated from contracts and construction activities from which claims occasionally arise; consequently the Company and its subsidiaries are defendants in lawsuits involving various amounts. The results of these actions should not have any material effect on the financial position of the Company.

## AUDITORS' REPORT

### To the Shareholders of AGRA Industries Limited

We have audited the consolidated balance sheets of **AGRA Industries Limited** as at July 31, 1996 and 1995 and the consolidated statements of earnings, retained earnings and changes in cash for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 1996 and 1995, and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Calgary, Alberta

October 4, 1996



Chartered Accountants

## CONSOLIDATED STATEMENT OF EARNINGS

For the year ended July 31, 1996 (in thousands of dollars)	1996	1995
		(Notes 1 and 2)
<b>Revenue</b> (Note 19):	<b>\$ 857,382</b>	706,624
<b>Expenses</b>		
Cost of sales and services, selling, general and administrative	801,210	650,467
Depreciation and amortization	16,957	14,517
Interest on long-term debt	10,860	11,865
Other interest	2,954	3,243
	<b>831,981</b>	680,092
Earnings before the following	25,401	26,532
Income tax (Note 12):		
Provision	13,660	14,213
Benefits from previously unrecorded tax items	(6,623)	(5,926)
	<b>7,037</b>	8,287
	<b>18,364</b>	18,245
Earnings (loss) of non-consolidated entities	81	(56)
Minority interest	(4,234)	(4,785)
Earnings from continuing operations	14,211	13,404
Discontinued operations (Note 2):	4,046	(886)
<b>Net Earnings</b>	<b>\$ 18,257</b>	12,518
<b>Per Share</b> (Note 13)		

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the year ended July 31, 1996 (in thousands of dollars)	1996	1995
<b>Balance, Beginning of Year</b>	<b>\$ 102,871</b>	93,573
Net Earnings	18,257	12,518
	121,128	106,091
Dividends paid	(3,281)	(3,220)
<b>Balance, End of Year</b>	<b>\$ 117,847</b>	102,871



# CONSOLIDATED BALANCE SHEET

As at July 31, 1996 (in thousands of dollars)

1996

1995

(Note 1)

## ASSETS

### Current

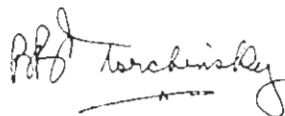
Cash and short-term investments	\$ 78,403	55,473
Accounts receivable	193,537	208,364
Income taxes recoverable	—	3,026
Contracts in progress and inventory	59,907	60,151
Prepaid expenses	7,352	7,207
	<b>339,199</b>	<b>334,221</b>
Investments and other (Note 4)	78,235	71,951
Fixed assets (Note 5)	73,223	67,495
Resort hotel and golf course (Note 6)	85,337	83,550
Deferred income taxes	524	4,795
Deferred financing charges	2,459	2,671
Goodwill	35,751	38,970
	<b>\$ 614,728</b>	<b>603,653</b>

## LIABILITIES

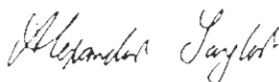
### Current

Bank indebtedness (Note 7)	\$ 46,487	49,554
Accounts payable	184,052	186,919
Current portion of long-term debt (Note 8)	22,456	15,991
Income taxes payable	1,797	—
Deferred income taxes	—	2,534
	<b>254,792</b>	<b>254,998</b>
Long-term debt (Note 8)	120,613	129,031
	<b>375,405</b>	<b>384,029</b>
Minority interest	22,717	19,617
	<b>402,122</b>	<b>423,663</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 11)	86,005	83,908
Retained earnings	117,847	102,871
	<b>203,852</b>	<b>186,779</b>
Foreign currency translation adjustment	12,754	13,228
<b>Total Shareholders' Equity</b>	<b>216,606</b>	<b>200,007</b>
	<b>\$ 614,728</b>	<b>603,653</b>

On behalf of the Board



Director



Director

## CONSOLIDATED STATEMENT OF CHANGES IN CASH

For the year ended July 31, 1996 (in thousands of dollars)

	1996	1995
		(Notes 1 and 2)
<b>Cash Provided By (Used In)</b>		
<b>Operating Activities</b>		
Earnings from continuing operations	\$ 14,211	13,404
Items not affecting cash flow before minority interest		
Depreciation and amortization	15,619	13,946
Deferred income taxes	(2,668)	5,619
Other	743	8
Cash flow from operations (Note 14)	27,905	32,977
Minority interest in cash flow	5,386	6,340
Changes in non-cash working capital (Note 15)	16,085	4,487
	49,376	43,804
Discontinued operations (Note 2)	(6,188)	(1,031)
	43,188	42,773
<b>Investing Activities</b>		
Purchase of fixed assets	(29,579)	(25,499)
Proceeds on disposal of fixed assets	4,089	2,027
Proceeds on disposal of discontinued operations (Note 2)	19,064	1,400
Investments and other (Note 4)	(6,595)	1,017
	(13,021)	(21,055)
<b>Financing Activities</b>		
Proceeds from long-term debt	20,856	12,915
Retirement of long-term debt	(22,962)	(22,079)
Deferred financing charges	(194)	(261)
Issuance of share capital	2,096	1,369
Investment by minority shareholders	-	1,753
	(204)	(6,303)
<b>Payment of Dividends</b>		
By the Company	(3,281)	(3,220)
By subsidiaries to minority shareholders	(685)	-
	(3,966)	(3,220)
<b>Increase in Cash</b>	25,997	12,195
<b>Cash Position, Beginning of Year</b>	5,919	(6,276)
<b>Cash Position, End of Year</b>	\$ 31,916	5,919
<b>Represented by:</b>		
Cash and short-term investments	\$ 78,403	55,473
Bank indebtedness	(46,487)	(49,554)
	\$ 31,916	5,919

**Cash Flow Per Share** (Note 14)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended July 31, 1996

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of presentation

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada.

### Principles of consolidation

The consolidated financial statements include the accounts of all entities in which the Company holds a controlling interest. Investments in which the Company exercises joint control are accounted for using the proportionate consolidation method. Under this method, only the Company's share of the assets, liabilities, revenues and expenses are consolidated. Investments in which the Company exercises significant influence are accounted for using the equity method. Under this method, only the Company's share of the net income is recorded. Other investments are recorded at cost.

### Change in accounting policy

Effective August 1, 1995, the Company adopted the new recommendations of The Canadian Institute of Chartered Accountants with respect to investments in joint ventures. Certain investments in which the Company exercises joint control, which were previously accounted for using the equity method of accounting are now accounted for using the proportionate consolidation method. Comparative figures for 1995 have been restated for this change, however, there was no effect on the net earnings or the shareholders' equity of the Company.

A summary of the effect of proportionate consolidation of joint ventures on the consolidated financial statements is contained in Note 3.

### Contracts in progress and inventory

Engineering and construction contracts in progress are recorded at estimated realizable value on the percentage of completion basis. Inventory is valued at the lower of cost and net realizable value using the first in, first out method. Losses are provided for when they become apparent.

### Fixed assets

Fixed assets (including equipment under capital lease) are stated at cost. Depreciation has been recorded in the accounts on a straight-line basis at annual rates of 2½% to 67% providing for amortization of the cost of buildings and equipment over their estimated useful lives. The hotel buildings and golf course are being depreciated using the sinking fund method over their estimated useful life of 50 years.

### Deferred financing charges

The costs of obtaining long-term financing are deferred and amortized on a straight-line basis over the terms of the debt. The amortization of these charges is included in interest on long-term debt.

### Goodwill

The excess of the purchase price over the net fair value of identifiable assets of acquired companies is amortized on a straight-line basis over 40 years.

### Foreign currency translation adjustment

The accounts of the Company's self-sustaining foreign operations are translated into Canadian dollars using the current-rate method. Assets and liabilities are translated at the year-end exchange rate and revenues and expenses are translated at average exchange rates. Gains and losses arising from the translation of the financial statements of the foreign operations are deferred in a "Foreign Currency Translation Adjustment" account in shareholders' equity.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. DISCONTINUED OPERATIONS

#### 1996

During the year, the Company sold the shares of Contain-A-Way Holdings, Inc. and W.T. McMullen and Associates Inc. and the assets of AGRA Recycling and discontinued operations of Northern-Monenco AGRA, Inc. Cash of \$19,064,000 was realized from the sale of the shares and assets. Aggregate operating profits and losses for the year on these discontinued operations amounted to a net loss of \$1,127,000 after tax recoveries of \$1,025,000. Shut-down costs, gains and losses on the disposal of assets and shares amounted to a net gain of \$4,697,000 after tax provisions of \$5,139,000. Revenues from these discontinued operations of \$47,045,000 in 1996 and \$80,001,000 in 1995 were excluded from consolidated revenues.

Net cost recoveries of \$476,000 after tax provisions of \$181,000 were realized during the year from operations discontinued in prior years.

#### 1995

Monad Contractors Ltd. was sold March 1, 1995. Losses incurred were \$95,000 after a tax recovery of \$78,000 on operations and \$1,141,000 on the sale of the shares. Revenues from this discontinued operation were \$8,300,000 in 1995.

Additional net costs of \$127,000 were incurred during 1995 from operations discontinued in prior years.

The comparative statements for 1995 have been restated to reflect the reclassification of \$477,000 of income from operations discontinued in 1996.

### 3. JOINT VENTURES

The effect of proportionate consolidation of joint ventures on the consolidated financial statements as described in Note 1 is summarized as follows:

<i>(in thousands of dollars)</i>	1996	1995
<b>Earnings</b>		
Revenue	\$ 178,733	171,228
Expenses	163,966	164,301
Share of earnings	\$ 14,767	6,927
<b>Assets</b>		
Current	\$ 108,548	98,460
Fixed assets	2,804	2,099
Other	6,334	2,517
	\$ 117,686	103,076
<b>Liabilities</b>		
Current	\$ 89,542	72,055
Long-term debt	2,165	6,963
	\$ 91,707	79,018
<b>Cash Flow</b>		
Operating activities	\$ 28,075	(2,469)
Investing activities	\$ (5,360)	(82)
Financing activities	\$ (5,913)	(52)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. INVESTMENTS AND OTHER

<i>(in thousands of dollars)</i>	1996	1995
		(Note 1)
Investments		
Loan receivable	\$ 20,000	20,000
Partnership units	11,979	11,998
Non-consolidated entities, equity basis	7,341	8,606
Other, at cost	9,332	7,021
	48,652	47,625
Condominium projects under development – at lower of cost and net realizable value	29,583	24,326
	\$ 78,235	71,951

In the fall of 1993, the Company invested in T1T2 Limited Partnership ("Partnership"), formed to hold leasehold interests in Terminals 1 and 2 at the Pearson International Airport in Toronto and T3 Limited Partnership, formed to hold a leasehold interest in Terminal 3. AGRA holds a 1.6% interest in each limited partnership, for which it paid \$1.8 million and Allders International (Canada) Limited ("Allders"), of which AGRA owns 51%, holds a 6.8% partnership interest for which it paid a total of \$10.5 million.

In addition, Allders loaned \$20 million to a group of companies which deal with AGRA and Allders at arm's length, to finance that group's acquisition of an 11.85% interest in each limited partnership. The loan bears interest at a nominal rate, in the absence of acceleration is repayable in 30 equal semi-annual instalments commencing in 1999, and is secured by the partnership interests held by that group in each limited partnership and by a personal guarantee of \$5 million by one of the principals of that group.

On October 7, 1993, the Government of Canada executed a long-term ground lease with the Partnership for Terminals 1 and 2 to commence on November 1, 1993. On December 3, 1993, the then newly elected Government of Canada announced its intention to cancel the lease and, on June 16, 1994, passed Bill C-22 in the House of Commons which purports to enable it to do so, free of liability for normal damages for breach of contract. On July 19, 1996, the Senate of Canada defeated Bill C-28 (the successor to Bill C-22) by one vote. Government spokesmen have declared that the Government intends to re-introduce new legislation similar in effect to the defeated legislation. The Government, due to recent appointments, has more supporters in the Senate than was the case in July 1996.

On September 20, 1994, a Statement of Claim against the Government for losses, third party claims against the Partnership and damages was filed before the court by the Partnership. On January 16, 1995, the Ontario Court General Division issued a summary judgment in favour of the Partnership, declaring in effect that the Government had breached the lease to the Partnership of Terminals 1 and 2 and related ground lease contracts. For the purpose of evaluating damages if any, arising from such breach, the Ontario Commercial Court is conducting a trial which is expected to last at least into the fourth calendar quarter of 1996. Separately, Allders has commenced an action against the Government in respect of the loss of its lease of shops at the redeveloped terminals. Pleadings have yet to be completed.

While it is not possible to predict the final outcome of the above events, management continues to believe that at a minimum, full recovery of these investments will be achieved.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. FIXED ASSETS

<i>(in thousands of dollars)</i>	1996		
	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 7,125	—	7,125
Buildings	17,730	5,729	12,001
Equipment	112,692	58,595	54,097
	<b>\$ 137,547</b>	<b>64,324</b>	<b>73,223</b>

	1995 (Note 1)		
	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 7,322	—	7,322
Buildings	19,217	5,463	13,754
Equipment	113,258	66,839	46,419
	<b>\$ 139,797</b>	<b>72,302</b>	<b>67,495</b>

### 6. RESORT HOTEL AND GOLF COURSE

<i>(in thousands of dollars)</i>	1996	1995
Land	\$ 9,950	9,933
Hotel and golf course	88,280	84,274
	<b>98,230</b>	<b>94,207</b>
Less accumulated depreciation	12,893	10,657
	<b>\$ 85,337</b>	<b>83,550</b>

Converted from U.S. dollars under the policy described in Note 1, at the conversion rate of \$1.3748 (1995 – \$1.3697)

### 7. BANK INDEBTEDNESS

The bank loans are secured by general assignments of accounts receivable, inventory, contracts in progress, and fixed and floating charge debentures on certain fixed assets.

### 8. LONG-TERM DEBT

<i>(in thousands of dollars)</i>	1996	1995
Mortgages, chattel mortgages and obligations under capital lease with average interest rates of 8.9% (maturity dates to 2016)	\$ 12,060	5,913
Notes, agreements and loans payable with average interest rates of 6.7%, secured by certain assets (maturity dates to 2005)	91,009	99,109
8% Convertible subordinated debentures, unsecured, maturing November 1, 2001	40,000	40,000
	<b>143,069</b>	<b>145,022</b>
Less current portion	22,456	15,991
	<b>\$ 120,613</b>	<b>129,031</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 8. LONG-TERM DEBT (continued)

Principal payments for the five succeeding years are \$22,456,000; \$23,596,000; \$11,734,000; \$7,259,000 and \$14,186,000

The debentures are unsecured, mature November 1, 2001, and are subordinated to the senior indebtedness of the Company. The debentures are convertible at the option of the holder into Class B non-voting shares of the Company at any time until October 31, 2001 at a conversion price of \$9.00 per Class B non-voting share, and are redeemable after November 2, 1994 subject to share trading price considerations.

### 9. LEASE COMMITMENTS

Minimum annual payments under long-term operating leases, the longest of which will expire in 2015, for the five succeeding years are: \$53,982,000; \$52,858,000; \$51,802,000; \$53,753,000 and \$55,143,000

### 10. CONTINGENT LIABILITIES

The Company has guaranteed indebtedness totalling \$2,385,000 (1995 - \$733,000) of non-consolidated entities and others.

The Company and its subsidiaries are defendants in lawsuits involving various amounts. The results of these actions should not have any material effect on the financial position of the Company.

### 11. SHARE CAPITAL (Note 17)

#### Authorized

Unlimited number of Class A voting convertible shares, without nominal or par value.

Unlimited number of Class B non-voting shares, without nominal or par value.

The Class A voting shares are convertible into Class B non-voting shares on a one-for-one basis. In restricted circumstances, Class B non-voting shares can be converted into Class A voting shares.

The Class B non-voting shares are entitled to receive a quarterly non-cumulative preferential dividend at the rate of one-half of one cent per share. Subject to such preferential dividend, the directors are not permitted to declare dividends on the Class A voting shares without declaring dividends of at least an equal amount on the Class B non-voting shares.

#### Issued and outstanding:

(in thousands)

	1996		1995	
	Shares	Amount	Shares	Amount
<b>Class A Voting</b>				
Outstanding, beginning of year	3,815	\$ 4,654	4,049	\$ 4,939
Conversions to Class B	(527)	(644)	(234)	(285)
Outstanding, end of year	<u>3,288</u>	<u>4,010</u>	<u>3,815</u>	<u>4,654</u>
<b>Class B Non-Voting</b>				
Outstanding, beginning of year	16,965	79,254	16,497	77,601
Conversions from Class A	527	644	234	285
Shares issued	—	—	75	550
Exercise of options	218	1,405	6	29
Employee share purchase plan	85	666	150	772
Dividend reinvestment	3	26	3	17
Outstanding, end of year	<u>17,798</u>	<u>81,995</u>	<u>16,965</u>	<u>79,254</u>
Total share capital		<u>\$ 86,005</u>		<u>\$ 83,908</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11. SHARE CAPITAL (continued)

At July 31, 1996, there were employee stock options outstanding in respect of 1,000,425 Class B non-voting shares (1995 – 943,725) exercisable at prices not less than the market price at the time the options were granted which range from \$5.88 to \$9.88. These options expire at various dates to 2001. In addition, 4,440,000 Class B non-voting shares are reserved for issue on conversion of \$40,000,000 of convertible subordinated debentures, maturing November 1, 2001

### 12. INCOME TAX

The Company's consolidated tax provision is based on rates and allowances applicable to each of the income tax jurisdictions in which the Company operates. The consolidated tax provision differs from that expected by applying the combined Canadian federal and provincial income tax rate to consolidated earnings before income taxes and discontinued operations, for the following reasons

<i>(in thousands of dollars)</i>	1996	1995
Expected combined Canadian federal and provincial income tax rate	44.62%	44.46% <small>(Notes 1 and 2)</small>
Expected provision for income taxes based on the above rate	\$ 11,334	11,796
Increase (decrease) in income taxes resulting from		
Differences in foreign income tax rates	(929)	475
Non-deductible items	1,540	252
Large corporations and franchise taxes	571	362
Rate variance on tax recoveries	214	620
Foreign withholding taxes	578	168
Other	352	540
Provision	13,660	14,213
Benefits from previously unrecorded tax items	(6,623)	(5,926)
Income tax	\$ 7,037	8,287
Consisting of		
Current	\$ 9,891	2,133
Deferred	(2,854)	6,154
	\$ 7,037	8,287

Deferred income taxes result from the estimated future tax benefit from operating losses when, in the opinion of management, realization of such benefits is virtually certain and from timing differences between the recording of income for accounting purposes and for income tax purposes.

### 13. EARNINGS PER SHARE

#### Basic

The computation of earnings per share is based on the weighted average number of Class A voting shares and Class B non-voting shares issued and outstanding during the year

#### Fully Diluted

Fully diluted earnings per share reflect earnings that would have been reported had all options and conversion rights been exercised

	Basic		Fully Diluted	
	1996	1995	1996	1995
Earnings from continuing operations	\$ .68	65 <small>(Note 2)</small>	.62	60 <small>(Note 2)</small>
Net earnings	\$ .87	61	.77	56

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 14. CASH FLOW PER SHARE

The computation of the cash flow per share is determined by dividing the cash flow from operations by the weighted average number of shares outstanding

	1996	1995
Cash flow per share	\$ 1.33	1.60

### 15. CHANGES IN NON-CASH WORKING CAPITAL

<i>(in thousands of dollars)</i>	1996	1995
Accounts receivable	\$ 14,827	(25,703)
Contracts in progress and inventory	244	(7,430)
Prepaid expenses	(145)	(815)
Accounts payable	(2,867)	41,882
Income taxes recoverable	4,823	(1,261)
Other	(797)	(2,186)
	\$ 16,085	4,487

### 16. PENSION FUNDS

The Company sponsors defined benefit and defined contribution pension plans for its employees. For the defined benefit plan, pension costs are determined using the projected benefit method and funded on the same basis. Gains and losses arising from actuarial valuations are determined every three years and from asset performance annually. Such gains and losses are deferred and amortized on a straight-line basis. The value of defined benefit pension fund assets at July 31, 1996 was \$5.3 million and there is no material surplus or unfunded liability.

The Company also sponsors a Supplementary Executive Retirement Plan ("SERP") for certain senior executives, which is an unfunded commitment to supplement the defined benefit pension plan with a lump sum payment on retirement. An amount has been accrued to record the estimated cost of benefits earned under the SERP to July 31, 1996.

### 17. SUBSEQUENT EVENTS

Subsequent to the year-end, the Board scheduled a special meeting of the shareholders to be held on October 17, 1996, at which it will seek approval of the shareholders to exchange Class A voting shares and Class B non-voting shares for shares of a new single class of common shares on the basis of 1.05 new common voting shares for each Class A voting share and one new common voting share for each Class B non-voting share.

### 18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to be consistent with the current year's presentation.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. SEGMENTED INFORMATION

A. Industry Segments

	Engineering, Construction & Technology		Asset Development & Investments		Total	
	1996	1995	1996	1995	1996	1995
<i>(in thousands of dollars)</i>						
<b>Revenue</b>	<b>\$ 652,128</b>	531,598	<b>205,254</b>	175,026	<b>857,382</b>	706,624
<b>Segment Operating Profit</b>	<b>\$ 21,752</b>	18,630	<b>17,463</b>	23,010	<b>39,215</b>	41,640
Interest expense					(13,814)	(15,108)
Income tax expense					(7,037)	(8,287)
Earnings of non-consolidated entities					81	(56)
Minority interest					(4,234)	(4,785)
Before discontinued operations					14,211	13,404
Discontinued operations					4,046	(886)
<b>Net Earnings</b>					<b>\$ 18,257</b>	12,518
<b>Assets</b>	<b>\$ 389,447</b>	386,997	<b>225,281</b>	216,656	<b>614,728</b>	603,653
<b>Depreciation and Amortization</b>	<b>\$ 10,502</b>	9,705	<b>6,455</b>	4,812	<b>16,957</b>	14,517
<b>Capital Expenditures, Net of Disposals</b>	<b>\$ 11,938</b>	15,168	<b>13,552</b>	8,304	<b>25,490</b>	23,472

1995 figures have been restated as described in Notes 1 and 2 and reclassified to reflect current company classifications.

B. Geographic Segments

	Canadian		Foreign		Total	
	1996	1995	1996	1995	1996	1995
<i>(in thousands of dollars)</i>						
<b>Revenue</b>	<b>\$ 608,365</b>	531,586	<b>249,017</b>	175,038	<b>857,382</b>	706,624
<b>Segment Operating Profit</b>	<b>\$ 17,369</b>	23,125	<b>21,846</b>	18,515	<b>39,215</b>	41,640
Interest expense					(13,814)	(15,108)
Income tax expense					(7,037)	(8,287)
Earnings of non-consolidated entities					81	(56)
Minority interest					(4,234)	(4,785)
Before discontinued operations					14,211	13,404
Discontinued operations					4,046	(886)
<b>Net Earnings</b>					<b>\$ 18,257</b>	12,518
<b>Assets</b>	<b>\$ 386,034</b>	354,907	<b>228,694</b>	248,746	<b>614,728</b>	603,653
<b>Depreciation and Amortization</b>	<b>\$ 10,084</b>	9,001	<b>6,873</b>	5,516	<b>16,957</b>	14,517
<b>Capital Expenditures, Net of Disposals</b>	<b>\$ 15,984</b>	13,167	<b>9,506</b>	10,305	<b>25,490</b>	23,472

Total export sales of Canadian operations are \$237 million (1995 - \$206 million), including duty-free sales of \$128 million (1995 - \$107 million). 1995 figures have been restated as described in Notes 1 and 2.

## ELEVEN YEAR REVIEW

	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986
<b>Earnings Statistics</b>											
<i>(in thousands of dollars)</i>											
Revenue*	\$ 857,382	706,624	619,868	536,813	366,425	364,781	246,072	198,064	231,116	207,798	171,499
Depreciation and amortization	16,957	14,517	13,555	13,420	10,174	9,816	6,524	5,466	5,892	4,484	3,267
Net earnings (loss)	18,257	12,518	(7,044)	2,185	(8,689)	(1,240)	1,188	56,800	7,775	7,291	2,320
Dividends paid	3,281	3,220	2,992	2,768	2,753	2,562	1,848	1,651	1,510	1,494	1,179
<b>Balance Sheet Statistics</b>											
<i>(in thousands of dollars)</i>											
Current assets	\$ 339,199	334,221	265,829	220,278	200,702	126,505	139,954	190,767	87,706	85,366	74,371
Current liabilities	254,792	254,998	195,935	156,537	139,113	97,665	107,826	85,443	48,418	42,858	36,014
Working capital	84,407	79,223	69,894	63,741	61,589	28,840	32,128	105,324	39,288	42,508	38,357
Fixed assets – net	158,560	151,045	140,839	137,923	130,837	127,572	111,979	39,438	39,746	32,525	31,351
Long-term debt	120,613	129,031	144,662	107,770	118,642	58,634	35,008	47,960	40,703	19,609	17,488
Shareholders' equity	216,606	200,007	191,786	171,984	163,559	171,026	175,115	159,015	103,581	93,101	90,009
<b>Common Share Statistics</b>											
<i>(in thousands of dollars)</i>											
Earnings (loss) per share	\$ 0.87	0.61	(0.36)	0.12	(0.49)	(0.07)	0.07	3.90	0.58	0.55	0.21
Dividends per share (A/B)	.14/.16	14/.16	14/.16	14/.16	14/.16	13/.15	10/.12	10/.12	10/.12	10/.12	10/.12
Equity per share	10.27	9.63	9.33	9.62	9.16	9.64	9.88	10.82	7.15	6.99	6.83
Return on equity (average)	9%	6%	4%	1%	-5%	-1%	1%	43%	8%	8%	3%
<b>Other Statistics</b>											
Average shares outstanding**	20,931,384	20,613,740	19,525,427	17,865,815	17,807,099	17,735,139	16,333,238	14,561,120	13,376,952	13,262,762	10,997,734
Number of shareholders	700	800	800	1,100	1,000	800	700	900	1,000	1,000	1,300
Total shares traded	12,728,757	6,708,795	9,511,912	8,343,452	8,180,449	2,275,922	2,458,916	4,366,305	2,816,541	3,441,786	5,473,258
Price – high	\$ 10.30	7.60	10.20	8.70	9.00	9.30	9.75	12.00	8.75	8.50	8.875
– low	\$ 6.20	5.30	5.60	5.60	7.125	5.70	7.00	6.50	5.00	6.00	3.875

\* Revenues for 1991 and prior years include revenues from operations discontinued in 1996.

\*\* A two-for-one share split took place in fiscal 1988. Statistics for prior years have been restated to provide comparability.

# BOARD OF DIRECTORS AND OFFICERS

## DIRECTORS



- |                                       |                                  |                                   |                                       |                                       |                                    |
|---------------------------------------|----------------------------------|-----------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| ▲ ● W.G.D. Stothers<br><i>Toronto</i> | F.D. McCarthy<br><i>Edmonton</i> | ▲ S.M. Thompson<br><i>Calgary</i> | ▲ A.Z. Torchinsky<br><i>Vancouver</i> | ■ R.G. Dittmer<br><i>Calgary</i>      | ■ A. Taylor<br><i>Mississauga</i>  |
| ● G. Desourdy<br><i>Montreal</i>      | ■ R. Richardson<br><i>Ottawa</i> | ▲ S.R. Roessler<br><i>Ottawa</i>  | ▲ R.L. Torchinsky<br><i>Vancouver</i> | ● ■ B.B. Torchinsky<br><i>Toronto</i> | C.H. Hantho, C.M.<br><i>Ottawa</i> |

▲ Audit Committee   ● Compensation Committee   ■ Executive Committee   Corporate Governance   Retirement Committee

## OFFICERS

Benjamin B. Torchinsky  
*Chairman of the Board*

Alexander Taylor  
*President and  
Chief Executive Officer*

Robert G. Dittmer  
*Executive Vice-President,  
Finance and Administration,  
and Secretary*

F. David Redden  
*Vice-President, Finance*

H. William Pearson  
*Vice-President  
President,  
Engineering Group*

F. Dennis McCarthy  
*Vice-President  
President,  
Construction Group*

Arthur J. Birchenough  
*Vice-President  
Executive Vice-President,  
Engineering Group*

William A. Slusarchuk  
*Vice-President  
President, Earth  
& Environmental Group*

William S. Kanigan  
*Vice-President, Taxation*

R.G. Van Adel  
*Vice-President, Corporate  
& Project Finance  
President and CEO,  
Vadeko AGRA  
Technologies Inc.*

K. McGillion  
*Vice-President,  
Risk Management*

G. Barsalou  
*Vice-President,  
Human Resources*

David W. Paterson  
*Vice-President,  
Corporate Affairs*

Donald J. McLeod  
*Corporate Counsel and  
Assistant Secretary*

R.A. Bain  
*Assistant Secretary*



## AGRA INDUSTRIES CORPORATE DIRECTORY

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Canada L5N 2X7  
Tel (905) 858-8001  
Fax (905) 826-1736

Suite 701

Jin Cheng Center  
4th District,  
Fang Qun Garden  
Fang Zhuang, Beijing  
China 100078  
Tel 011-86-1-067621074  
Fax 011-86-1-067621081

Malecon Cisneros 738  
Suite 602  
Miraflores, Lima  
Peru  
Tel 011-51-14-447250  
Fax 011-51-14-447310

### GENERAL ENGINEERING & CONSTRUCTION GROUP

#### AGRA Construction Group Limited

7708 Wagner Road  
Edmonton, Alberta  
Canada T6E 5B2  
Tel (403) 468-3392  
Fax (403) 466-7465

#### AGRA Construction Group, Inc.

363 N. Sam Houston  
Parkway E.  
Suite 300  
Houston, Texas  
USA 77060  
Tel (713) 445-5808  
Fax (713) 445-5807

10108 – 32nd Avenue West  
Bldg. C3, Suite A2  
Everett, Washington  
USA 98204  
Tel (206) 353-5506  
Fax (206) 353-4151

#### AGRA Construction (Wuhan China) Limited

No. 420 Yingwa Avenue  
Hanyang District  
Wuhan City  
Hubei Province  
China 430052  
Tel 011-86-27-481-8355  
Fax 011-86-27-481-9354

#### AGRA Foundations Limited

7708 Wagner Road  
Edmonton, Alberta  
Canada T6E 5B2  
Tel (403) 468-3392  
Fax (403) 466-7465

#### AGRA Foundations, Inc.

10108 – 32nd Avenue West  
Bldg. C3, Suite A2  
Everett, Washington  
USA 98204  
Tel (206) 353-5506  
Fax (206) 353-4151

#### AGRA Foundations (Pacific) Limited

6A-11240 Bridgeport Road  
Richmond, B.C.  
Canada V6X 1T2  
Tel (604) 270-1115  
Fax (604) 270-1056

#### AGRA (Hong Kong) Limited

3/E, 320 Junction Road  
Kowloon Tong, Kowloon  
Hong Kong  
Tel 011-852-2338-9931  
Fax 011-852-2338-7578

#### AGRA Land Surveys Ltd. (75%)

130 Sioux Road  
Sherwood Park, Alberta  
Canada T8A 3X5  
Tel (403) 464-4553  
Fax (403) 464-4533

#### AGRA Marine Construction Limited

16031 River Road  
Richmond, B.C.  
Canada V6V 1X5  
Tel (604) 278-3674  
Fax (604) 279-9097

#### AGRA ShawMont Limited

Bally Rou Place  
280 Torbay Road  
P.O. Box 9600  
St. John's, Newfoundland  
Canada A1A 3C1  
Tel (709) 754-0250  
Fax (709) 739-6823

#### Cambrian Monenco Inc.

2010 Winston Park Drive  
Oakville, Ontario  
Canada L6H 6A3  
Tel (905) 829-5400  
Fax (905) 829-5401

#### CI Power Monenco Inc.

2010 Winston Park Drive  
Suite 100  
Oakville, Ontario  
Canada L6H 6A3  
Tel (905) 829-5400  
Fax (905) 829-5401

#### Canada-China Power Inc. (40%)

2020 University Street  
Suite 2200  
Montreal, Quebec  
Canada H3A 2A5  
Tel (514) 288-0293  
Fax (514) 288-3697

#### Canadian Highways International Corporation (25%)

6711 Mississauga Road  
Suite 614  
Mississauga, Ontario  
Canada L5N 2W3  
Tel (905) 858-8026  
Fax (905) 858-9597

#### Canatom Inc. (50%)

184 Front Street  
Suite 501  
Toronto, Ontario  
Canada M5A 4N3  
Tel (416) 366-9421  
Fax (416) 367-3247

#### Canuck Engineering Inc.

900 Monenco Place  
801 – 6th Avenue SW  
Calgary, Alberta  
Canada T2P 3W3  
Tel (403) 298-4170  
Fax (403) 298-4975

#### Coast Steel

**Fabricators Ltd.**  
1515 Kingsway Avenue  
Port Coquitlam, B.C.  
Canada V3C 1S2  
Tel (604) 941-9481  
Fax (604) 941-7447

#### Consultores Occidentales, S.A. (COSA) (20%)

Centro Comercial  
Olimpico, Planta Alta  
Boulevard 5 de Julio,  
entre Avda 13A y 14  
Maracaibo, Edo. Zulia  
Venezuela  
Tel 011-58-61-970202  
Fax 011-58-61-975615

#### Ellesmere Britannia Ltd.

Box 1698, West Bay Road  
Grand Cayman, B.W.I.  
Tel (809) 949-7440  
Fax (809) 949-8032

#### Groupe Cartier Ltée (50%)

2045 Stanley Street  
11th Floor  
Montreal, Quebec  
Canada H3A 2V4  
Tel (514) 499-4500  
Fax (514) 499-4515

#### Howe AGRA Limited

1145 Hunt Club Road  
Suite 600  
Ottawa, Ontario  
Canada K1V 0Y3  
Tel (613) 526-1661  
Fax (613) 526-5326

**Howe (India) PVT. Limited (40%)**  
Howe India House  
81 Nehru Place  
New Delhi, 110019 India  
Tel 011-9111-641-1521  
Fax 011-9111-646-7557

**Howe Monenco Inc.**  
2010 Winston Park Drive  
Suite 100  
Oakville, Ontario  
Canada L6H 6A3  
Tel (905) 829-5400  
Fax (905) 829-5401

**Midwest Management (1987) Ltd.**  
510 Ellis Drive  
Acheson Industrial Park  
Edmonton, Alberta  
Canada T5P 4C5  
Tel (403) 962-1993  
Fax (403) 962-1014

**Monenco AGRA Inc.**  
2010 Winston Park Drive  
Suite 100  
Oakville, Ontario  
Canada L6H 6A3  
Tel (905) 829-5400  
Fax (905) 829-5401

**Monenco AGRA Techmaster Limited (50%)**  
21 Academias Avenue  
KEMA Building, 8th Floor  
Aglantzia, P.O. Box 3727  
1686 Nicosia, Cyprus  
Tel 011-357-2-336690  
Fax 011-357-2-338113

**P.T. AGRA Monenco**  
Artha Graha Building  
23rd Floor  
Sudirman Central  
Business District  
Jl. Jend Sudirman  
Kav. 52-53  
Jakarta 12190, Indonesia  
Tel 011-62-21-515-2653  
Fax 011-62-21-515-2620

**Seacore Ltd. (50%)**  
Lower Quay, Gweek  
Helston, Cornwall  
United Kingdom  
TR12 6UD  
Tel 011-44-132-6221771  
Fax 011-44-132-6221553

**Teshmont Consultants Inc. (50%)**  
1190 Waverley Street  
Winnipeg, Manitoba  
Canada R3T 2E2  
Tel (204) 284-8100  
Fax (204) 475-4601

**Torchinsky Engineering Ltd.**  
206, 610 - 70th Avenue SE  
Calgary, Alberta  
Canada T2H 2J6  
Tel (403) 253-2560  
Fax (403) 258-1016

121- 105th Street East  
Saskatoon, Saskatchewan  
Canada S7N 1Z2  
Tel (306) 374-6121  
Fax (306) 955-2388

**U.S. Pipeline, Inc. (80%)**  
363 N. Sam Houston  
Parkway E.  
Suite 300  
Houston, Texas  
USA 77060  
Tel (713) 445-0021  
Fax (713) 445-0081

#### **EARTH & ENVIRONMENTAL GROUP**

**AGRA Earth & Environmental Limited**  
221- 18th Street SE  
Calgary, Alberta  
Canada T2E 6J5  
Tel (403) 248-4331  
Fax (403) 248-2188

2233 Argenta Road  
Suite 400  
Mississauga, Ontario  
Canada L5N 2X7  
Tel (905) 858-3333  
Fax (905) 858-8013

**AGRA Earth & Environmental, Inc.**  
11335 NE 122nd Way  
Suite 100  
Kirkland, Washington  
USA 98034  
Tel (206) 820-4669  
Fax (206) 821-3914

3232 West Virginia Avenue  
Phoenix, Arizona  
USA 85009  
Tel (602) 272-6848  
Fax (602) 272-7239

1290 North Hancock Street  
P.O. Box 19079  
Anaheim, California  
USA 92807  
Tel (714) 779-2591  
Fax (714) 779-8377

**AGRA Earth & Environmental (Africa) Limited**  
New Bagamoyo Road  
Plot 46, Block 45A  
Kijitonyama  
Dar es Salaam, Tanzania  
Tel 011-255-51-71914  
Fax 011-255-51-75265

**AGRA Eurasia Limited**  
119121 Moscow, Russia  
Zemledeicheski per. 3 - 26  
Tel 011-7-095-248-6035  
Fax 011-7-501-882-4040

**AGRA Overseas (Cyprus) Limited**  
P.O. Box 2525  
25 Aphrodite Street  
Consulco Houses #212  
Nicosia 1307, Cyprus  
Tel 011-357-2-361541  
Fax 011-357-2-361891

**AGRARO S.R.L.**  
4 Theodor Aman St.  
Bucharest, Romania  
Sector 1 COD 70746  
Tel 011-40-1-615-5733  
Fax 011-40-1-311-2186

#### **SYSTEMS ENGINEERING GROUP**

**Baymont Technologies, Inc.**  
Rubin Icot Center  
14100 - 58th Street North  
Clearwater, Florida  
USA 34620-3796  
Tel (813) 539-1661  
Fax (813) 539-1749

510 Thomson Road  
#04-01A, SLE Complex  
Singapore 1129  
Tel 011-65-353-8433  
Fax 011-65-353-0466

54, Jalan SS-21/39  
Damansara Utama  
47400 Petaling Jaya  
P.O. Box 10114  
Kuala Lumpur, Malaysia  
Tel 011-603-717-7569  
Fax 011-603-717-7273

Saztec Building,  
Pascor Drive  
Santo Niño, Parañaque  
Metro Manila  
1700 Philippines  
Tel 011-632-831-1396  
Fax 011-632-831-0279

**FastMAN Software Systems Inc. (40%)**  
2680 Queensview Drive  
Suite 215  
Ottawa, Ontario  
Canada K2B 8J9  
Tel (613) 596-3344  
Fax (613) 596-2422

**Monenco AGRA Systems Limited**  
1145 Hunt Club Road  
Suite 600  
Ottawa, Ontario  
Canada K1V 0Y3  
Tel (613) 526-1661  
Fax (613) 526-5326

**Spectrocan Engineering Inc.**  
1145 Hunt Club Road  
Suite 600  
Ottawa, Ontario  
Canada K1V 0Y3  
Tel (613) 526-1661  
Fax (613) 526-5326

**Vadeko AGRA Technologies Inc.**  
2233 Argenta Road  
Suite 400  
Mississauga, Ontario  
Canada L5N 2X7  
Tel (905) 821-3222  
Fax (905) 821-2232

#### **ASSET DEVELOPMENT & INVESTMENTS SECTOR**

**AGRA Plastics Inc.**  
7250 Danbro Crescent  
Mississauga, Ontario  
Canada L5N 6C2  
Tel (905) 567-0012  
Fax (905) 567-7841

**Allders International (Canada) Limited (51%)**  
2630 Skymark Avenue  
Suite 400  
Mississauga, Ontario  
Canada L4W 5A3  
Tel (905) 602-6985  
Fax (905) 602-6991

**Cayman Hotel & Golf Club Partnership (99%)**  
Box 1698, West Bay Road  
Grand Cayman, B.W.I.  
Tel (809) 949-7440  
Fax (809) 949-8032

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## SHAREHOLDER INFORMATION

### ANNUAL MEETING

AGRA's annual meeting of shareholders will be held at 11:00 a.m., Wednesday, December 11, 1996 in the Toronto Ballroom of the Toronto Hilton Hotel, 145 Richmond Street West, Toronto, Ontario M5H 2L2.

### HEAD OFFICE

Royal Bank Tower  
Suite 1900  
335 - 8th Avenue S.W.  
Calgary, Alberta  
Canada T2P 1C9  
Tel (403) 263-9606  
Fax (403) 263-9676

### EXECUTIVE OFFICE

2233 Argentia Road  
Suite 400  
Mississauga, Ontario  
Canada L5N 2X7  
Tel (905) 858-8000  
Fax (905) 858-3321

### COMPANY AUDITORS

Deloitte & Touche  
Calgary, Alberta, Canada

### REGISTRAR AND TRANSFER AGENT

Common Shares:  
Montreal Trust Company of Canada

### Convertible Debentures:

Montreal Trust Company of Canada

### SECURITIES EXCHANGE LISTING

Toronto Stock Exchange  
Montreal Stock Exchange

### SHAREHOLDER AND INVESTOR CONTACT

David Paterson  
Vice-President, Corporate Affairs  
2233 Argentia Road, Suite 400  
Mississauga, Ontario  
Canada L5N 2X7  
Tel (905) 858-8000  
Fax (905) 858-3321



